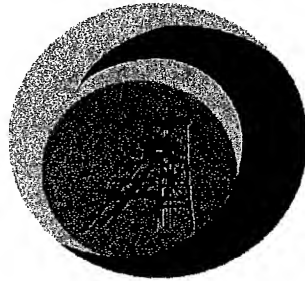
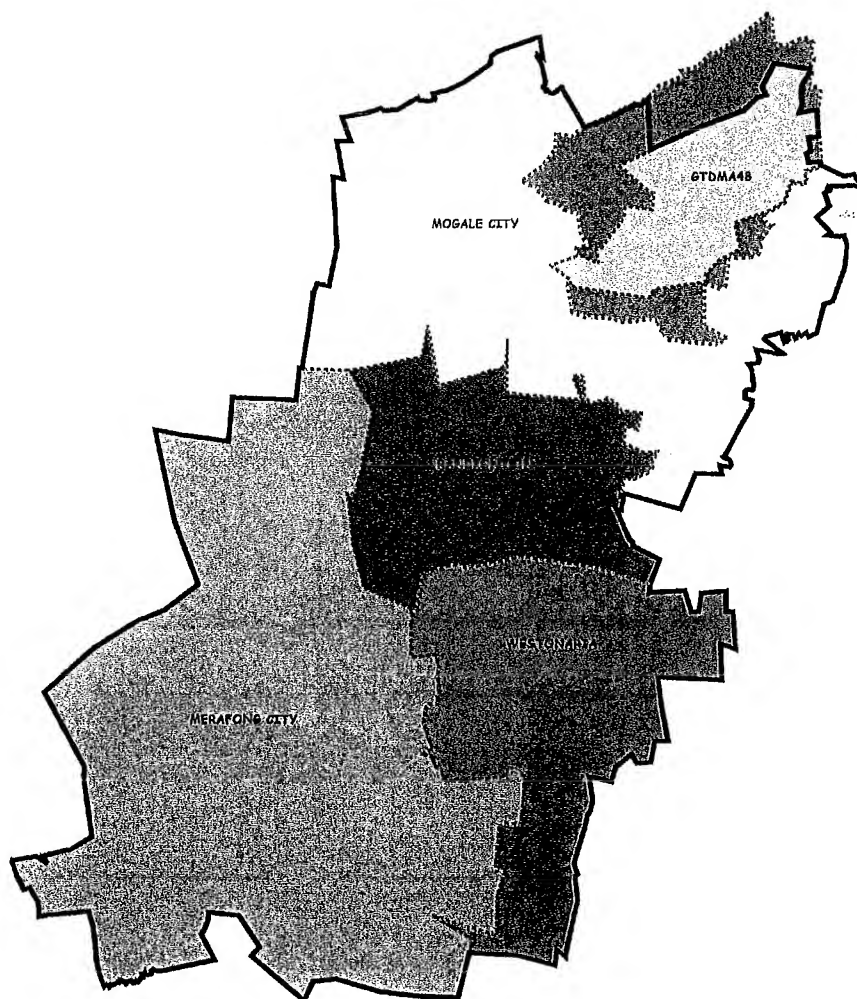


# WEST RAND DISTRICT MUNICIPALITY



## FINANCIAL STATEMENTS FOR THE YEAR ENDED

**30 JUNE 2012**



WEST RAND DISTRICT MUNICIPALITY

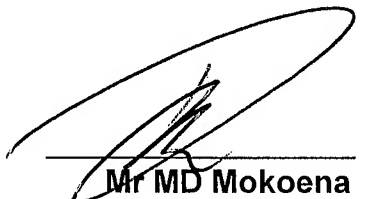
ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2012

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 37, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

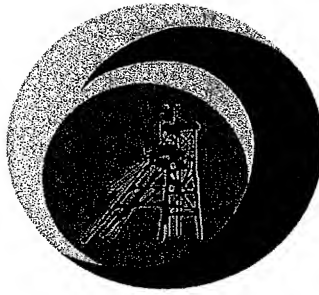
I certify that the salaries, allowances and benefits of Councillors as disclosed in note 14 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Co-operative Governance and Traditional Affairs determination in accordance with this Act.

  
\_\_\_\_\_  
**Mr MD Mokoena**  
**Municipal Manager**

21/08/2012  
Date

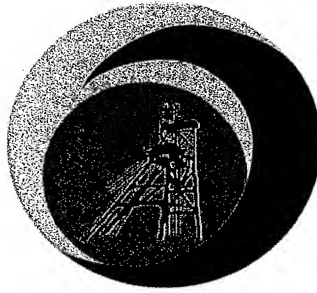
## West Rand District Municipality

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**WEST RAND DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 June 2012**

	Notes	2012 R	2011 R Restated
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>136,281,276</b>	<b>176,048,966</b>
Other reserves	1	510,547	852,607
Government grant reserve		23,034,900	23,034,900
Revaluation reserve		32,980,258	32,980,258
Accumulated surplus		79,755,571	119,181,201
<b>Non-current liabilities</b>		<b>7,394,750</b>	<b>9,664,307</b>
Borrowings : annuity loans	2.1	5,241,813	8,196,912
Finance lease liabilities	2.2	2,152,937	1,467,395
<b>Current liabilities</b>		<b>34,520,752</b>	<b>55,564,569</b>
Borrowings : annuity loans	2.1	2,955,089	2,755,623
Finance lease liabilities	2.2	1,607,794	2,128,121
Provisions	3	6,990,150	16,692,889
Trade and other payables	4	19,878,554	14,992,513
Unspent conditional grants	5	3,089,165	18,995,423
<b>Total net assets and liabilities</b>		<b>178,196,778</b>	<b>241,277,842</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>63,597,506</b>	<b>101,965,414</b>
Long-term receivables	7	727,244	799,816
Property, plant and equipment	15.1	44,775,075	83,210,634
Investment property	15.2	3,400,000	3,200,000
Biological assets	15.4	116,659	176,436
Investment in WRDA (entity)	33	14,578,528	14,578,528
<b>Current assets</b>		<b>114,599,272</b>	<b>139,312,428</b>
Value added taxation	6	5,803,575	2,271,916
Current portion of long-term receivables	7	124,191	16,016
Inventory	8	550,830	647,538
Receivables: property rates	9.1	-	285,299
Receivables: other	9.2	8,838,097	15,395,056
Investments	10	78,388,185	116,752,863
Cash and cash equivalents	11	20,894,394	3,943,740
<b>Total assets</b>		<b>178,196,778</b>	<b>241,277,842</b>

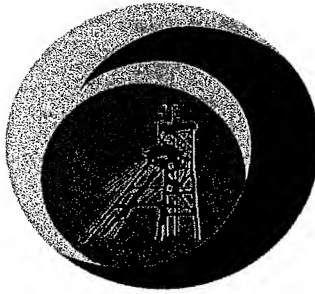


**West Rand District Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 June 2012**

				Actual	
	Notes	2012 R		2011 R	
<b>REVENUE</b>					
Property rates	9.3	0		7,198,232	
Service charges	19	3,399,355		4,886,908	
Rental of facilities	20	1,565,358		1,442,349	
Interest earned - external investments		6,557,933		8,937,804	
Interest earned - outstanding debtors		78,389		84,377	
Licences & permits		155,426		128,320	
Income for agency services	12.1	31,934,250		30,632,500	
Government grants and subsidies	12.2	175,243,998		175,868,622	
Sundry revenue	21	3,561,300		2,045,047	
<b>Sub total revenue</b>		<b>222,496,009</b>		<b>231,224,159</b>	
Less: revenue foregone	37	0		-4,493,303	
<b>Total revenue</b>		<b>222,496,009</b>		<b>226,730,856</b>	
<b>EXPENDITURE</b>					
Employee related cost	13	135,100,742		130,233,316	
Remuneration of councillors	14	7,548,651		7,051,588	
Bad debts		2,303,280		4,734,368	
Collection costs		4,719		8,517	
Depreciation	15.1	10,397,773		9,368,279	
Repairs & maintenance		2,002,741		3,570,787	
Interest paid	16	939,711		1,192,607	
Contracted services		0		7,159	
Grants & subsidies paid	17	16,321,671		23,503,012	
General expenses	18	63,196,290		48,688,040	
Loss on disposal of property, plant and equipment		899,265		0	
<b>Total expenditure</b>		<b>238,714,843</b>		<b>228,357,673</b>	
<b>Deficit for the year</b>		<b>-16,218,834</b>		<b>-1,626,817</b>	
<b>Net Deficit for the year</b>		<b>-16,218,834</b>		<b>-1,626,817</b>	

**West Rand District Municipality**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012**

	Other Reserves	Grant	Revaluation Reserve	Accumulated Surplus/(Deficit)	Total
<b>2011</b>					
Balance at 30 June 2010	22 555 861	20 680 401	32 527 176	88 504 306	164 267 744
Deficit for the year	0	-	0	-1 626 817	-1 626 817
Reserves utilised in operating	-10 535 494	-	0	10 535 494	-
Transfer to capital replacement reserve	-11 216 400	-	0	112 164 000	-
Donated assets		69 419	0		69 419
Capital grants used to purchase property plant & equipment		2 395 500	0	-2 395 500	-
Offsetting of depreciation on property, plant and equipment		-110 420	0	110 420	-
Revaluation of Merafong Flora assets	0		2 747 467		2 747 467
Transfer to provisions	0		-2 294 385		-8 843 926
Disestablishment assets Merafong		-	0	-6 549 541	17 581 580
Prior period error (note 40)		-		17 581 580	-4 000 000
Other transfers	48 640	-	0	-4 000 000	5 853 499
<b>Balance at 30 June 2011 as restated</b>	<b>852 607</b>	<b>23 034 900</b>	<b>32 980 258</b>	<b>119 181 201</b>	<b>176 048 966</b>
<b>2012</b>					
Deficit for the year		-	0	-16 218 834	-16 218 834
Reserves utilised in operating	-342 060	-	0	342 060	-
Revaluation of Investment Property				200 000	200 000
Transfer of Assets : Katlego facility to WRDA				-10 001 948	-10 001 948
Transfer to/ (from) provisions		-	0	10 023 539	10 023 539
Disestablished account Mogale City		-	0	-22 407 380	-22 407 380
Disestablished account Westonaria Local Municipality		-	0	15 934	15 934
Other transfers		-	0	-1 379 001	-1 379 001
<b>Balance at 30 June 2012</b>	<b>510 547</b>	<b>23 034 900</b>	<b>32 980 258</b>	<b>79 755 571</b>	<b>136 281 276</b>



## West Rand District Municipality

### CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 R	2011 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		203,330,950	214,676,920
Cash paid to suppliers and employees		-222,469,030	-212,559,512
Cash (shortfall) surplus from operations	22	-19,138,080	2,117,408
Interest received		6,557,933	8,937,804
Interest paid	16	-939,711	-1,192,607
<b>Net cash flow from operating activities</b>		<b>-13,519,858</b>	<b>9,862,605</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	15.1	-5,376,327	-7,588,323
Decrease /(increase) in non-current receivables	7	72,572	-569,680
Decrease/(increase) in call investment deposit	10	38,364,678	-44,133,150
<b>Net cash from investing activities</b>		<b>33,060,923</b>	<b>-52,291,153</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net loans repaid		-2,590,411	-4,248,353
<b>Net cash from finance activities</b>		<b>-2,590,411</b>	<b>-4,248,353</b>
<b>NET Decrease/ (Increase) in Cash and Cash Equivalents</b>		<b>16,950,654</b>	<b>-46,676,901</b>
Cash and cash equivalents at the beginning of the year	11	3,943,740	50,620,641
Cash and cash equivalents at the end of the year	11	20,894,394	3,943,740
		<b>-16,950,654</b>	<b>46,676,901</b>

**WEST RAND DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**1. BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards comprise of the following:

<b>GRAP FRAMEWORK</b>	<b>Framework for the preparation and presentation of Financial Statement</b>
GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	The Effects of Changes on Foreign Exchange Rates
GRAP 5	Borrowings costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from exchange transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contract
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after reporting date
GRAP 16	Investment property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GARP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible assets
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
Directive 5	Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by the SARS
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP
IGRAP 1	Applying the probability test on initial recognition of exchange revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an arrangement contains a Lease
IGRAP 4	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-Cash Assets to Owners
IGRAP 10	Assets Received from Customers



**WEST RAND DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

IGRAP 11	Consolidation – Special Purpose Entities
IGRAP 12	Jointly Controlled Entities – Non Monetary Contributions by Ventures
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
ASB Guide 1	Guideline on Accounting for Public Private Partnerships
IPSAS 20	Related party disclosures
IFRS 4	Insurance Contracts
IFRS 6	Exploration for and Evaluation of Mineral Resources
IAS 12	Income Taxes
SIC 21	Income Taxes – Recovery of Revalued Non Depreciable Assets
SIC 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC 29	Service Concession Agreements – Disclosures
IFRIC 12	Service Concession Arrangements
IAS 32 (AC 125)	Financial instruments: presentation
IAS 36 (AC 128)	Impairment of assets
IAS 39 (AC 133)	Financial instruments: recognition and measurements

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

The cash flow statement can only be prepared in accordance with the direct method.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy, and the notes.

#### **PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### **1.2 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

#### **1.3 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### **1.4 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

**WEST RAND DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

GRAP 18	Segment Reporting - issued February 2011
GRAP 20	Related party disclosure – issued June 2011
GRAP 21	Impairment of non-cash generating assets – issued March 2009
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24	Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 25	Employee Benefits – issued November 2009
GRAP 26	Impairment of cash generating assets – issued March 2009
GRAP 103	Heritage Assets - issued July 2008
GRAP 104	Financial Instruments – issued October 2009
GRAP 105	Transfers of functions between entities under common control – issued November 2010
GRAP 106	Transfers of functions between entities not under common control – issued November 2010
GRAP 107	Mergers – issued November 2010

The impact on the Annual Financial Statements has not yet been estimated.

## **2. RESERVES**

### **2.1 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit)

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **2.2 Other Reserves – Transport Fund (TF)**

In order to finance the traffic management plan from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the TF. The TF is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the TF are utilized.

### **2.3 Revaluation Reserve**

The surplus arising from the revaluation of land, buildings and infrastructure assets are credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings and infrastructure assets are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

**WEST RAND DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**3. PROPERTY, PLANT AND EQUIPMENT**

**3.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or a nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**3.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS and INFRASTRUCTURE ASSETS)**

Subsequent to initial recognition, land, buildings and infrastructure are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

**3.3 SUBSEQUENT MEASUREMENT OF MOVABLE ASSETS - COST MODEL**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**WEST RAND DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**3.4 DEPRECIATION AND IMPAIRMENT**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<b>Item</b>	<b>Average useful life</b>
Land and buildings	30
Roads and storm water	30
Water	30
Heritage assets	20
Security	5
Specialised vehicles	10
Motor vehicles	3
Watercraft	15
Other vehicles	3 – 5
Computer equipment	3
Emergency equipment	5
Furniture and fittings	7 – 10
Office equipment	3 – 7
Plant and equipment	5 – 15
<b>Finance lease assets</b>	
Cell phones	2
Copier and faxes	3
Motor vehicles	3

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**3.5 DE-RECOGNITION**

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**4. INVESTMENT PROPERTY**

**4.1 INITIAL RECOGNITION**

Investment property includes developed and undeveloped land, held for resale or for capital appreciation, rather than held to meet service delivery objectives.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

**WEST RAND DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL**

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises. Investment property is valued annually.

**5. BIOLOGICAL ASSETS**

Biological assets shall be recognised as an asset when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

<b>Item</b>	<b>Useful life</b>
Plants yearly – annually	1 year
Plants –Perennial	10 years

**6. INVESTMENT IN SUBSIDIARY**

Investment in subsidiary is carried at cost in the Annual Financial Statements of the Municipality. Separate consolidated financial statements are prepared to account for the Municipality's share of the net assets and post acquisition results of this investment.

**7. INVENTORIES**

**7.1 INITIAL RECOGNITION**

Inventories consisting of consumable stores, raw materials, work-in-progress, comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**7.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an

**WEST RAND DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

**8. FINANCIAL INSTRUMENTS**

**8.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

**Subsequent Measurement**

Financial Assets are categorized according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorized as either at fair value through profit or loss or financial liabilities carried at amortized cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorization and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered commercial banks, are categorized as either held-to-maturity where the criteria for that categorization are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognized as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

**8.2 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorized as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortized cost. Amortized cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses.

When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

**WEST RAND DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS  
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**8.3 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorized as financial liabilities' held at amortized cost, are initially recognised at fair value and subsequently measured at amortized cost which is the initial carrying amount, less repayments, plus interest.

**8.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that is held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand. The municipality categorizes cash and cash equivalents as financial assets: loans and receivables.

**9. UNAUTHORIZED EXPENDITURE**

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**10. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorized expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**11. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**12. PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognize a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

**WEST RAND DISTRICT MUNICIPALITY  
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Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

**13. LEASES**

**13.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

**13.2 THE MUNICIPALITY AS LESSOR**

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. These assets are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**14. REVENUE**

**14.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.



**WEST RAND DISTRICT MUNICIPALITY  
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Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

**14.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Revenue from agency services is recognised when it becomes due, together with an estimate of agency services revenue that will be received based on past experience of amounts collected.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

**14.3 GRANTS, TRANSFERS AND DONATIONS**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional.

The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**15. BORROWING COSTS**

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

**WEST RAND DISTRICT MUNICIPALITY  
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**16. RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and councillors except for employees who are remunerated on a total cost to company basis. The municipality also pays a percentage of the medical aid fund contributions after retirement of certain employees. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable.

**17. RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel of the municipality are those persons, directly and indirectly having authority and responsibility for planning, directing and controlling the activities of the municipality. Key management is defined as the Municipal Manager, Chief Financial Officer, Chief Operations Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager. The Mayor and all WRDM Councillors are also identified as related parties.

**18. EVENTS AFTER THE REPORTING DATE**

Adjusting events after reporting date will be accounted for in the annual financial statements, while non-adjusting events after the reporting date are disclosed in the notes to the annual financial statements.

**19. IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalue asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

**WEST RAND DISTRICT MUNICIPALITY  
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The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalue asset is treated as a revaluation increase.

# West Rand District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>1 OTHER RESERVES</b>		
Transport fund	510,547	852,607
Unappropriated surplus	852,607	803,967
Transfers from operating income	0	48,640
Transfers for expenditure incurred	-342,060	0
<b>2 BORROWINGS</b>		
<b>2.1 Annuity loans</b>		
Unsecured borrowing: DBSA	8,196,902	10,952,535
Less : current portion annuity	-2,955,089	-2,755,623
<b>Total long term borrowings</b>	<b>5,241,813</b>	<b>8,196,912</b>
DBSA loans bear interest of 10% per annum and is repayable over a period of 20 years. The loans were utilised to finance capital projects in the local municipalities. The remaining period is 3 years.		
<b>2.2 Finance lease liabilities</b>		
Capital lease liabilities	3,760,731	3,595,516
Less : current portion leases	-1,607,794	-2,128,121
<b>Total Finance lease liabilities</b>	<b>2,152,937</b>	<b>1,467,395</b>
<b>Total Finance lease liabilities</b>		
The total of future minimum lease payments under non-cancellable finance leases for each of the following periods:		
(i) Not later than one year;	1,607,794	2,128,121
(ii) Later than one year and not later than five years; and	2,152,937	1,467,395
(iii) Later than five years	0	0
Repayable in monthly installments of R133 982 and bears interest at current market rates		
<b>3 PROVISIONS</b>		
The movement in the current provision is reconciled as follows: -		
<b>3.1 Project provision</b>		
Balance at beginning of year	10,981,644	2,137,717
Contributions to provision	0	20,708,400
Transferred to expenditure	-10,023,539	-11,864,473
Balance at end of year	958,105	10,981,644
Provision is to finance identified projects in the local municipalities and the West Rand District Municipality (WRDM). It is not certain when the monies will be spent by the local municipalities hence the amounts to be transferred and the timing are not certain .		
<b>3.2 Staff performance bonuses</b>		
Balance at beginning of year	1,711,245	1,272,045
Contributions to provision	320,800	439,200
Transferred to expenditure	0	0
Balance at end of year	2,032,045	1,711,245
Provision for section 57 employees . The payment of the bonuses are based on performance and therefore the performance, amounts and payment date are uncertain.		
<b>3.3 Provision - Post Retirement Medical Benefit</b>		
Balance at beginning of year	4,000,000	0
Contributions to provision	0	4,000,000
Transferred to expenditure	0	0
Balance at end of year	4,000,000	4,000,000
<b>Total Provisions</b>	<b>6,990,150</b>	<b>16,692,889</b>
<b>4 Trade and other payables</b>		
Trade creditors	9,555,684	5,427,211
Salary third party payments	40,872	40,872
Payments received in advance	30,692	142,409
Staff leave accrual	10,251,306	9,382,021
<b>Total creditors</b>	<b>19,878,554</b>	<b>14,992,513</b>

# West Rand District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>5 UNSPENT CONDITIONAL GRANTS</b>		
Conditional Grants from other spheres of Government	3,089,165	18,995,423
HIV/Aids grant	86,000	1,034,531
Bekkersdal urban renewal	375,032	375,032
MSIG	0	439,859
MIG	1,365,407	6,368,000
District management area	314,661	9,778,001
Wire less connections libraries	245,220	
Blodigester and shared services	702,845	1,000,000
<b>Total Conditional Grants</b>	<b>3,089,165</b>	<b>18,995,423</b>

See note 12 for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised.

<b>6 VALUE ADDED TAXATION</b>		
Value added taxation receivable	5,803,575	2,271,916
Value added taxation is payable on the receipts basis. Once payment is received from debtors value added taxation is paid over to SARS.		

<b>7 LONG-TERM RECEIVABLES</b>		
Internal learnerships	851,435	815,832
Less : current portion transferred to current receivables	-124,191	-16,016
<b>Total</b>	<b>727,244</b>	<b>799,816</b>
Internal learnerships (study assistance employees WRDM). All monies are recovered when an applicant fails.		

<b>8 INVENTORY</b>		
Consumable stores – at cost	550,830	647,538
<b>Total Inventory</b>	<b>550,830</b>	<b>647,538</b>

9 RECEIVABLES	Gross balance R	Impairment of debtors R	Net balance R
<b>As at 30 June 2011</b>			
<b>9.1 Receivables: property rates</b>			
Property rates	1,048,906	763,607	285,299
<b>9.2 Receivables: other</b>			
Ambulance	15,565,682	734,242	14,831,440
SAD payments	40,305	0	40,305
Deposits paid	79,056	0	79,056
Sundry debtors	3,929,893	3,485,638	444,255
<b>Total</b>	<b>19,614,936</b>	<b>4,219,880</b>	<b>15,395,056</b>

# West Rand District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
As at 30 June 2012	Gross balance	Impairment of debtors	Net balance
<b>9.1 Receivables: property rates</b>			
Property rates	-	-	-
<b>9.2 Receivables: other</b>			
Ambulance	9,467,103	1,180,234	8,286,869
SAD payments	15,357	0	15,357
Deposits paid	73,672	0	73,672
Sundry debtors	3,668,314	3,206,115	462,199
<b>Total</b>	<b>13,224,446</b>	<b>4,386,349</b>	<b>8,838,097</b>

## Property rates

Current (0 – 30 days)	0	255,833
31 - 60 Days	0	41,509
61 - 90 Days	0	61,171
91 - 120 Days	0	72,158
+ 121 Days	0	618,235
<b>Total</b>	<b>0</b>	<b>1,048,906</b>

## Ambulance

Current (0 – 30 days)	156,122	8,195,079
31 - 60 Days	258,146	113,812
61 - 90 Days	8,397,488	99,550
91 - 120 Days	41,138	109,566
+ 121 Days	614,209	7,047,675
<b>Total</b>	<b>9,467,103</b>	<b>15,565,682</b>

## Other

Current (0 – 30 days)	725,148	683,501
31 - 60 Days	224,306	264,915
61 - 90 Days	161,396	261,449
91 - 120 Days	184,017	123,236
+ 121 Days	2,373,447	2,596,792
<b>Total</b>	<b>3,668,314</b>	<b>3,929,893</b>

The ambulance subsidy from the Department of Health for April - June 2012 of R8 279 250 are included in ambulance debtors. No provision has been made against these amounts. Amounts owed to ambulance debtors are in terms of the service level agreement with the Department of Health. Overdue amounts have been provided for.

## Reconciliation of the bad debts provision

Balance beginning of the year	4,983,487	1,952,486
Contributions to provision	445,992	3,192,906
Reversal of provision	-1,043,130	-161,905
<b>Balance end of year</b>	<b>4,386,349</b>	<b>4,983,487</b>

The total amount outstanding for fire debtors as well as consumer debtors older than 120 days are provided for.

## **9.3 Property rates**

Residential	-	4,053,692
Agricultural	-	1,114,082
Commercial	-	2,030,458
Sub total	-	7,198,232
Less revenue forgone	-	-4,493,303
<b>Total</b>	<b>0</b>	<b>2,704,929</b>

Property rates levied as from 1 July 2009 in the District Management Area (farm properties). Property rates were levied on 31 May 2011 for June 2011. The District Management Area properties were transferred to Mogale City Local Municipality as from 1 July 2011 in terms of demarcation ruling.

# West Rand District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>Valuations</b>		
<b>Property valuations</b>	<b>July 2009 R000's</b>	<b>July 2009 R000's</b>
Residential		646,580
Agricultural		529,595
Commercial		141,990
Exempted		5,500
	<b>0</b>	<b>1,323,665</b>
<b>10 INVESTMENT</b>		
Short term investments - unlisted	<b>78,388,185</b>	<b>116,752,863</b>
Investments periods are between 30 days and 90 days.		
<b>11 CASH AND CASH EQUIVALENTS</b>		
<b>The District Municipality has the following bank account: -</b>		
<b>Standard Bank Corporate : account number 021307350</b>		
<b>Current account (primary account)</b>		
Cash book balance at beginning of year	3,923,440	50,600,491
Cash book balance at end of year	<b>20,874,122</b>	<b>3,923,440</b>
Bank statement balance at beginning of year	4,014,368	50,669,167
Bank statement balance at end of year	<b>21,243,672</b>	<b>4,014,368</b>
Bank balance	20,874,094	3,923,440
Petty cash	20,300	20,300
Bank balance and cash	<b>20,894,394</b>	<b>3,943,740</b>
<b>12 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>12.1 Agency service</b>		
Provincial ambulance subsidy (agency service)	31,934,250	30,632,500
Total for agency services	<b>31,934,250</b>	<b>30,632,500</b>
<b>12.2 Government Grants</b>		
Equitable share	24,469,137	26,732,000
Wire less connections local libraries	570,780	0
HIV/Aids grant	5,035,531	1,770,912
MSIG	800,000	1,025,500
MIG	5,002,593	8,090,000
District management area (DMA)	6,048,939	2,369,999
Finance management grant	1,250,000	1,000,000
RSC replacement grant	131,769,863	133,727,211
Other	297,155	1,153,000
Total government grants	<b>175,243,998</b>	<b>175,868,622</b>
<b>Total government grants and subsidies</b>	<b>207,178,248</b>	<b>206,501,122</b>
<b>12.1.1 Provincial ambulance Subsidy (agency service)</b>		
The subsidy was received by the WRDM to finance the ambulance service. As part of a service level agreement on behalf of the Department of Health.		
<b>12.2.1 Equitable share</b>		
The equitable share is an unconditional grant. This grant is used to subsidise the services rendered by the WRDM.		
<b>12.2.2 Wireless connections locals libraries</b>		
Balance unspent at beginning of year	0	0
Current year receipts	816,000	
Conditions met - transferred to revenue	-570,780	
Conditions still to be met - transferred to liabilities (see note 5)	<b>245,220</b>	<b>0</b>
This grant was used to link the different libraries to internet.		

# West Rand District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>12.2.3 HIV/Aids grant</b>		
Balance unspent at beginning of year	1,034,531	305,443
Current year receipts	4,087,000	2,500,000
Conditions met - transferred to revenue	-5,035,531	-1,770,912
Conditions still to be met - transferred to liabilities (see note 5)	86,000	1,034,531
This grant was used to finance the HIV/Aids campaigns at the WRDM and Local Municipalities.		
<b>12.2.4 Bekkersdal Urban Renewal</b>		
Balance unspent at beginning of year	375,032	375,032
Conditions still to be met - transferred to liabilities (see note 5)	375,032	375,032
This grant was used to finance the urban renewal programme on behalf of the Provincial Government, the outstanding amount is the retention on this project.		
<b>12.2.5 MSIG</b>		
Balance unspent at beginning of year	439,859	465,359
Current year receipts	800,000	1,000,000
Other Transfers	-439,859	
Conditions met - transferred to revenue	-800,000	-1,025,500
Conditions still to be met - transferred to liabilities (see note 5)	0	439,859
This grant was utilised to finance expenditure of the implementation of the Property Rates Act and funding for the development of the IDP and employee performance management system.		
<b>12.2.6 MIG</b>		
Balance unspent at beginning of year	6,368,000	8,372,000
Current year receipts	0	6,086,000
Conditions met - transferred to revenue	-5,002,593	-8,090,000
Conditions still to be met - transferred to liabilities (see note 5)	1,365,407	6,368,000
The Infrastructure grant is utilised to finance approved projects at the Local Municipalities.		
<b>12.2.7 District management area (DMA)</b>		
Balance unspent at beginning of year	9,778,001	12,148,000
Current year receipts	0	0
Other Transfers (demarcated to Mogale City)	-3,414,401	
Conditions met - transferred to revenue	-6,048,939	-2,369,999
Conditions still to be met - transferred to liabilities (see note 5)	314,661	9,778,001
Provincial government grant to finance infrastructure in the Merafong Local Municipality for Telemetry and water.		
<b>12.2.8 Finance management grant (FMG)</b>		
Balance unspent at beginning of year	0	0
Current year receipts	1,250,000	1,000,000
Conditions met - transferred to revenue	-1,250,000	-1,000,000
	0	0
Finance management grant is utilised for the internal learnership program.		
<b>12.2.9 Biodigester and shared services</b>		
Balance unspent at beginning of year	1,000,000	0
Current year receipts	0	2,153,000
Other transfers	-297,155	-1,153,000
Conditions still to be met - transferred to liabilities (see note 5)	702,845	1,000,000
An amount of R500 000 will be utilized for the biodigester project. R500 000 will be utilized for shared services in the internal audit department.		
<b>Total unspent conditional grants (note 5)</b>	<b>3,089,165</b>	<b>18,995,423</b>



# West Rand District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>13 EMPLOYEE RELATED COSTS</b>		
Employee related costs - salaries and wages	74,887,737	70,104,125
Employee related costs - contribution to Uif ,pension and medical aids	22,155,923	20,672,067
Travel, motor car, accommodation, subsistence and other allowances	20,701,525	22,934,888
Housing benefits and allowances	1,287,889	1,037,794
Overtime payments	15,746,868	15,045,242
Performance bonus contribution	320,800	439,200
<b>Total employee related costs</b>	<b>135,100,742</b>	<b>130,233,316</b>

There were no advances to employees.

## *Remuneration of the Municipal manager*

Annual remuneration	1,215,420	1,103,513
Performance bonus	0	0
<b>Total</b>	<b>1,215,420</b>	<b>1,103,513</b>

Municipal manager appointed in August 2011.

## *Remuneration of the Chief Financial officer*

Annual remuneration	1,056,228	995,688
Performance bonus	0	0
<b>Total</b>	<b>1,056,228</b>	<b>995,688</b>

## *Remuneration of the Chief Operational officer*

Annual remuneration	0	829,740
Performance bonus	0	0
<b>Total</b>	<b>0</b>	<b>829,740</b>

The Chief Operational officer resigned in April 2011.

## **14 REMUNERATION OF COUNCILLORS**

Executive mayor	673,095	637,437
Speaker	527,113	499,545
Mayoral committee members	4,083,951	3,053,137
Councillors	2,264,492	2,861,469
<b>Total councillors' remuneration</b>	<b>7,548,651</b>	<b>7,051,588</b>

## *In-kind Benefits*

The Executive Mayor, Chief Whip, Speaker and Mayoral Committee members are full-time. Each is provided with an office and secretarial support at the cost of the council.

The Executive Mayor is entitled to stay at the mayoral residence owned by council at no cost. The Executive Mayor and the Speaker have use of a council owned vehicle for official duties.

The Executive Mayor has a bodyguard and a driver, whereas the Speaker has a driver. All these employees costs are paid for by council.

## 15 PROPERTY, PLANT AND EQUIPMENT

### 15.1 Property, plant and equipment

Reconciliation of carrying value	Land and Buildings R	Infra-structure R	Community R	Heritage R	Other R	Total R
<b>Carrying values at 1 July 2011</b>	<b>39,823,921</b>	<b>19,305,075</b>	<b>81,000</b>	<b>8,214</b>	<b>23,992,424</b>	<b>83,210,634</b>
Cost	76,643,857	29,495,397	81,000	17,102	52,757,660	158,995,016
Accumulated depreciation	-36,819,936	-10,190,322	0	-8,888	-28,765,236	-75,784,382
Acquisitions	0	1,275,932	0	0	4,100,395	5,376,327
Transfer to other municipalities: depreciation	-28,938,888	-16,208,455	-81,000	0	-697,026	-45,925,369
Correction, transfers & revaluation: cost	729,028	-618,085	0	-17,102	-93,841	0
Depreciation	-1,487,086	-678,930	0	0	-8,231,757	-10,397,773
Transfer to other municipalities: depreciation	8,805,224	4,272,495	0	0	438,153	13,515,872
Correction, transfers & revaluation: depreciation	-530,725	573,560	0	8,888	-111,892	-60,169
Carrying values of disposals: depreciation					2,837,699	2,837,699
Carrying values of disposals: cost	0	0	0	0	-3,782,146	-3,782,146
<b>Carrying values at 30 June 2012</b>	<b>18,401,474</b>	<b>7,921,592</b>	<b>0</b>	<b>0</b>	<b>18,452,009</b>	<b>44,775,075</b>
Cost	48,433,997	13,944,789	0	0	52,285,042	114,663,828
Accumulated depreciation	-30,032,523	-6,023,197	0	0	-33,833,033	-69,888,753

Reconciliation of Carrying Value	Land and Buildings R	Infra-structure R	Community R	Heritage R	Other R	Total R
<b>Carrying value at 1 July 2010</b>	<b>36,643,638</b>	<b>11,313,342</b>	<b>81,000</b>	<b>9,211</b>	<b>13,097,295</b>	<b>61,144,486</b>
Cost	70,585,999	17,716,214	81,000	13,855	37,908,706	126,305,774
Accumulated depreciation	-33,942,361	-6,402,872	0	-4,644	-24,811,411	-65,161,288
Correction of error (cost)	-8,292,663	15,122,032	-9,911,080	4,298	7,766,889	4,689,476
Correction of error (depreciation)	11,756,371	-9,152,558	0	-4,279	-3,095,550	-496,016
<b>Restated Balance 1 July 2009</b>	<b>40,107,346</b>	<b>17,282,816</b>	<b>-9,830,080</b>	<b>9,230</b>	<b>17,768,634</b>	<b>65,337,946</b>
Acquisitions	1,332,863	2,369,999	0	2	3,885,459	7,588,323
Transfer from other municipalities	2,073,814	7,097,032	0	0	11,063,991	20,234,837
Correction, transfers & revaluation cost	2,651,181	2,312,152	0	3,245	51,097	5,017,675
Depreciation	-2,270,952	-1,140,956	0	-6,194	-5,950,177	-9,368,279
Transfer from other municipalities: depreciation	-207,381	-1,420,156	0	0	-1,160,867	-2,788,404
Correction and transfers: depreciation	-399,242	-1,226,338	0	1,950	3,014,603	1,390,973
<b>Carrying value of disposals</b>					-8,976	-8,976
Cost	0	0	0	0	-151,592	-151,592
Accumulated depreciation	0	0	0	0	142,616	142,616
<b>Carrying values at 30 June 2011</b>	<b>39,823,921</b>	<b>19,305,075</b>	<b>81,000</b>	<b>8,214</b>	<b>23,992,424</b>	<b>83,210,634</b>
Cost	76,643,857	29,495,397	81,000	17,102	52,757,660	158,995,016
Accumulated depreciation	-36,819,936	-10,190,322	0	-8,888	-28,765,236	-75,784,382

### 15.2 Investment property

Fair value

2012 R 3,400,000

2011 R 3,200,000

### Total investment properties

2012 R 3,400,000

2011 R 3,200,000

Revenue of R 579 873 earned from the investment property (BP garage) is included in the statement of financial performance. A revaluation of investment property will be performed annually.

### 15.3 Assets with zero values

Assets with a value less than R2000 are depreciated in the same year to a R1 net book value.

Fifty percent of similar asset values in the asset register were used as a basis to correct zero values. Where no comparisons could be found values were obtained from suppliers.

### 15.4 Biological assets

Opening balance 2011/07/01

176436 176436

Plants revalued

-59777

Book value 30/06/2012

116,659 176,436

Merafong flora was transferred on 1 July 2010 from Dr Kenneth Kaunda District Municipality to the West Rand District Municipality. The biological assets consist mainly of perennial and annual plants (replanted yearly).

# West Rand District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>16 INTEREST PAID</b>		
Borrowings	939,711	1,192,607
<b>Total interest on external borrowings</b>	<b>939,711</b>	<b>1,192,607</b>
<b>17 GRANTS AND SUBSIDIES PAID</b>		
Subsidy:WRDA	2,538,600	5,121,539
Projects: Merafong City	6,048,939	0
Projects: Mogale City Local Municipality	5,002,593	2,500,000
Projects: Randfontein Local Municipality	731,539	4,048,073
Projects: Westonaria Local Municipality	2,000,000	11,833,400
<b>Total</b>	<b>16,321,671</b>	<b>23,503,012</b>
<b>18 GENERAL EXPENSES</b>		
CCTV surveillance	6,446,365	5,126,316
Entertainment	519,402	1,117,764
External audit fees	1,743,611	1,426,602
Insurance premium/excess payments	1,349,501	1,302,609
Landscaping	0	240,517
Leases: operational cost	2,445,187	2,567,057
Levies: electricity/water/sewerage/refuse	2,836,357	2,557,965
OR Tambo games	0	1,617,204
Professional fees	6,905,383	4,425,935
Security services	691,863	1,397,399
Soccer 2010 World Cup	0	2,121,510
Special programs and projects	20,304,424	6,723,219
Stock and material	1,063,135	1,215,254
Telephone cost/ internet line/data cards	2,866,215	2,124,318
Tourism development	574,457	1,071,927
Training employees/levies	1,329,269	1,971,674
Uniforms	1,711,810	1,433,054
Vehicles : fuel	2,119,881	1,584,566
Other costs	10,289,430	8,663,150
<b>Total</b>	<b>63,196,290</b>	<b>48,688,040</b>
<b>19 SERVICE CHARGES</b>		
Ambulance service	1,212,169	1,616,932
Building plans	120,547	221,910
Electricity sales	405,793	336,272
Fire service	1,535,824	2,560,172
Tender deposits	102,000	128,600
Recovering of operating costs	23,022	23,022
<b>Total</b>	<b>3,399,355</b>	<b>4,886,908</b>
<b>20 RENTAL OF FACILITIES</b>		
Living units	196,815	206,663
Parking space	33,230	32,615
Shops and garage	1,335,313	1,203,071
<b>Total</b>	<b>1,565,358</b>	<b>1,442,349</b>
<b>21 SUNDRY REVENUE</b>		
Insurance claims	62,002	55,821
OR Tambo affiliation fees	0	740,000
Sale of plants	342,817	339,227
Sale of redundant assets/ refuse bags	0	56,385
Sundry revenue	473,211	513,956
Transformation contribution locals	1,500,000	
Donations	627,500	
Training: SETA	426,016	281,277
Other	129,754	58,381
<b>Total</b>	<b>3,561,300</b>	<b>2,045,047</b>

# West Rand District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>22 CASH (shortfall)/surplus from operations</b>		
Deficit for the year	-16,218,834	-1,626,817
Adjustments:		
Depreciation	10,397,773	9,368,279
(Gain)/loss on disposal of property, plant and equipment	-899,265	8,976
Other transfers	0	5,804,859
Transfer to provisions	0	-6,549,541
Disestablished assets Mogale City	0	17,581,580
Decrease in utilized reserves	-342,060	0
Disestablished assets Westonaria Local Municipality	0	0
Increase in investment Property	200,000	0
Decrease in Biological assets	-59,777	0
Interest paid	939,711	1,192,607
Interest received	-6,557,933	-8,937,804
<b>Operating (loss)/ surplus before working capital changes:</b>	<b>-12,540,385</b>	<b>16,842,139</b>
Decrease/(increase) in inventories	-96,708	-237,744
Decrease/ (Increase) in receivables	3,201,748	-207,977
Decrease in provisions	-9,702,739	-14,746,944
Decrease in unspent conditional grants	-15,906,258	-2,670,411
Increase in payables	4,885,488	3,208,650
Other transfers	0	-70,305
<b>Cash (utilised in)/generated by operations</b>	<b>-30,158,854</b>	<b>2,117,408</b>
<b>23 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term liabilities (see Note 2)	8,196,902	10,952,535
Used to finance property, plant and equipment – Local Municipalities	-8,196,902	10,952,535
<b>Total</b>	<b>0</b>	<b>0</b>
Long-term liabilities have been utilised to finance assets on behalf of the Local Municipalities and these assets are not included in the asset register of the District Municipality .		
<b>24 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b><u>24.1 Contributions to organised local government</u></b>		
Opening balance	0	0
Council subscriptions	1,035,103	687,912
Amount paid - current year	-1,035,103	-687,912
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>
<b><u>24.2 Audit fees</u></b>		
Opening balance	68,571	0
Expense	1,743,611	1,426,602
Amount paid	-1,776,000	-1,358,031
<b>Balance unpaid (included in creditors)</b>	<b>36,182</b>	<b>68,571</b>
<b><u>24.3 Value added taxation</u></b>		
Value added taxation inputs paid and value added taxation outputs received are shown in note 6. All returns have been submitted by the due date throughout the year.		
<b><u>24.4 PAYE and UIF</u></b>		
Opening balance	0	0
Payroll deductions	22,105,077	19,237,124
Amount paid	-22,105,077	-19,237,124
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>
<b><u>24.5 Pension and medical aid deductions</u></b>		
Opening balance	0	0
Payroll deductions and council contributions	32,295,037	31,546,211
Amount paid	-32,295,037	-31,546,211
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

# West Rand District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>25 CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
Approved and contracted for		
Infrastructure	0	0
Community	0	0
Other	0	1,000,000
<b>Total</b>	<b>0</b>	<b>1,000,000</b>
This expenditure will be financed from:		
Government grants	0	0
Own resources	0	1,000,000
<b>Total</b>	<b>0</b>	<b>1,000,000</b>

## 26 RETIREMENT BENEFIT INFORMATION

The municipality provides retirement benefits for its employees and councillors except for employees who are remunerated on a total cost to company basis. Employees and councillors belong to any one of the four retirement contribution plans schemes. The municipality also pays a percentage of the medical aid contributions after retirement of certain employees. The contributions to fund obligations for the payment of retirement and medical benefits are charged against revenue in the year they become payable.

An amount of R18.9m was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed.

The municipality subsidises medical aid fund contributions after retirement of certain employees. These benefits are charged to the Statement of Financial Performance in the year of payment. A provision of R4000000 for the future expected costs has been created in the 2010/2011 financial year based on an independent actuarial valuation. Refer to Note 3.3 and 40.

## 27 EVENTS AFTER THE REPORTING DATE

Medical Health Services (MHS) for Randfontein Local Municipality to be transferred to the West Rand District Council in the financial year 2012/2013.

## 28 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).

## 29 OPERATING LEASES

The Municipality complies with the general recognised accounting practice on leases (GRAP 13). None of the operating lease agreements provide for any escalation and the lease payments therefore remain the same for the lease period. No additional disclosure in this regard is included.

The total of future minimum lease payments under non-cancellable finance leases for each of the following periods:

(i) Not later than one year;	1,607,794	2,128,121
(ii) Later than one year and not later than five years;	2,152,937	1,467,395
(iii) Later than five years.	0	0

## 30 DEVIATIONS FROM PROCUREMENT PROCESSES

Deviations from official procurement processes to the value of R4 238 608 occurred during the 2011/2012 financial period. The deviations were presented to council for condonation. For the period 2010/2011 the value of R5 273 495 occurred and reported to council for condonation.

## 31 RISK MANAGEMENT

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings disclosed in notes 2.1 and 2.2 and cash and cash equivalents disclosed in note 11.

Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2012 and 2011 respectively were as follows:

# West Rand District Municipality

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>Total borrowings</b>		
Other financial liabilities	-11,957,633	-14,548,051
Less: Cash and cash equivalents	20,894,394	3,943,740
Net Debt	8,936,761	-10,604,311
Net Assets	150,283,224	180,048,966
Total Capital	159,219,985	169,444,655

### 31.1 Financial Risk Management

The municipality's activities expose it to a variety of financial risk. Market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

The economic entity's overall management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the economic entity's financial performance.

Risk management is carried out by the risk management department under the policies approved by the Accounting Officer. Economic entity treasury identifies, evaluates and hedges financial risks in close co-operation with the economic entity's operating units. The Accounting Officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### 31.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments.

Cash flow forecasts are prepared monthly and adequate funds are made available for capital commitments.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

Long term and other liabilities	4,562,883	7,394,750	4,883,744	9,664,307
Trade and other payables	25,957,869	0	46,680,825	0

### 31.3 Interest Rate Risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

### 31.4 Cash Flow Interest Rate Risk

Financial instrument	Current Interest	Due in less than a year
Trade and other receivables-normal credit terms		8,838,097
Long term receivables	7%	727,244

### 31.5 Credit Risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only invests with the four major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprises a widespread customer base. Management evaluates credit relating to customers on an ongoing basis.

	2012	2011
ABSA Bank	22,122,020	20,069,567
First National Bank	34,143,849	38,305,288
Nedbank	-	20,069,315
Standard Bank	22,122,316	38,308,693
	78,388,185	116,752,863
	134,654,350	213,436,159

### 32 Related parties

The West Rand District Municipality has relationship with Randfontein, Merafong City, Mogale City, Westonaria Local Municipalities and West Rand District Agency which has resulted in the transfers by the WRDM during the 2011/2012 financial year:

Randfontein Local Municipality	731,539	4,048,073
Mogale City local Municipality	5,002,593	2,500,000
Merafong City Local Municipality	6,048,939	-
Westonaria Local Municipality	2,000,000	11,833,400
West Rand Development Agency	2,538,600	5,121,539

To the best of the West Rand District Municipalities knowledge and taking into account all disclosures made, no councillor or official has any direct or indirect personal or private business in any matter before the council, or acquired or stand to acquire any direct benefit from a contract concluded with the municipality. All assets contributed for establishment of West Rand Development Agency were at fair value. Mr. B. Blake was elected as a councillor in the West Rand District Municipality, from 15 August 2011 no business will be done with Blake's Travel Agency (Pty) Ltd.

# West Rand District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<b>33 Investment in WRDA (entity)</b>		
<b>Authorised</b>		
1000 ordinary shares of R1	1,000	1,000
<b>Issued</b>		
100 ordinary shares of R1	100	100
<b>Name</b>	<b>% of holding</b>	
West Rand Development Agency	100	
The West Rand Development Agency was established as an entity on 1 October 2006 and only became operational from 1 August 2009.		
Shareholding Premium	14,578,428	14,578,428
<b>Total share capital and premium</b>	<b>14,578,428</b>	<b>14,578,528</b>
Assets were contributed by the West Rand District Municipality for the establishment of the West Rand Development Agency entity.		

## 34 IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure:

Opening balance	503,746	503,746
Irregular expenditure incurred during year	347,846	0
Condoned or written off by council	0	0
Closing balance	<b>851,592</b>	<b>503,746</b>

Incident: Non adherence to supply chain procedures.

## 35 FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure:

Opening balance	0	0
Fruitless and wasteful expenditure incurred during year	1,802	0
Condoned or written off by council	0	0
Closing balance	<b>1,802</b>	<b>0</b>

Incident : VAT 201 process late which led to interest of R398 and penalties of R1 404.

## 36 CONTINGENT LIABILITIES

	<b>1,385,675</b>	<b>959,787</b>
<b>Goscon-WRDM</b>	700,000	
Fire damage againsts Fire Brigade Krugersdorp		
<b>HR Potgieter -WRDM</b>	115,758	
Collision with EMS vehicle		
<b>Cradle of Human Conservation group -WRDM</b>	279,615	
Eviction matter at Kromdraai 26		
<b>Mogale City-WRDM</b>	290,302	
Water samples analyzed		

## 37 Revenue forgone

In terms of the Municipal Property Rates Act 6 of 2004, newly rateable properties must be phased in over a period of three years, in accordance with

Section 21 of the Act.

In the first year, be at least 75 per cent of the rate for that year otherwise applicable to the property;

In the second year, be at least 50 per cent of the rate for that year otherwise applicable to the property; and

In the third year, be at least 25 per cent of the rate for that year otherwise applicable to the property;

As from 1 July 2011 the District Management Area was transferred to Mogale City Local Municipality. All property rates were thus transferred as from 1 July 2011.

## 38 Fraud

Comperio Forensic Services (Pty) Ltd have been appointed to investigate a possible fraud case.

**West Rand District Municipality**  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012  
R

2011  
R

**39 POST BALANCE SHEET EVENTS**

The Municipality has acquired the new financial system with effect 1 October 2012 and the BIQ System is still the asset of the municipality. When the need arises, the municipality has access to the required information from the BIQ System.

**40 PRIOR PERIOD ERROR**

financial year in respect of a provision for post retirement medical benefits. Refer to Note 3.3 and 26.

**Statement of Financial Position**

Accumulated surplus		4,000,000
Provision for Post Retirement Benefits		-4,000,000
		<u>0</u>

**Accumulated Surplus**

Opening accumulated surplus as previously reported	123,181,201	88,504,306
Correction of error	-4,000,000	-
Opening accumulated surplus as restated	<u>119,181,201</u>	<u>88,504,306</u>
Net movement	-39,425,630	34,676,895
Closing accumulated surplus	<u><u>79,755,571</u></u>	<u><u>123,181,201</u></u>



# West Rand District Municipality

## APPENDIX A

### SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

External borrowings	Loan Number	Redeemable	Balance at 30 June 2011	Received during the period	Redeemed written off during the period	Balance at 30 June 2012
<b>Annuity loans</b>			<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
DBSA loan 10%	9499/2	9/30/2014	681,951	0	-171,577	510,374
DBSA loan 10%	LRF0002	9/30/2014	2,353,619	0	-592,173	1,761,446
DBSA loan 10%	LRF0003	9/30/2014	4,729,396	0	-1,189,901	3,539,495
DBSA loan 10%	LRF0004	9/30/2014	2,338,209	0	-588,286	1,749,923
DBSA loan 10%	LRF0005	9/30/2014	401,884	0	-101,112	300,772
DBSA loan 10%	LRF0006	9/30/2014	447,476	0	-112,584	334,892
			<b>10,952,535</b>	<b>0</b>	<b>-2,755,633</b>	<b>8,196,902</b>
Searfec Trading			0	1,031,904	-171,984	859,920
Standard Bank lease vehicles			3,517,823	1,531,451	-2,164,883	2,884,391
Zevoli Rentals			77,693	0	-61,273	16,420
			<b>3,595,516</b>	<b>2,563,355</b>	<b>-2,398,140</b>	<b>3,760,731</b>
<b>Total external borrowings</b>			<b>14,548,051</b>	<b>2,563,355</b>	<b>-5,153,773</b>	<b>11,957,633</b>

(1) Adjustments to interest accrued at year end are included in the received column.

(2) The DBSA loans were utilised to finance assets constructed on behalf of the Local Municipalities and therefore not included in the asset register of the WRDM

(3) Lease assets included in assets register.

## APPENDIX B

Cost/Revaluation														Accumulated Depreciation					Carrying value	Budget
Opening balance	Acquisitions	Transfers from other Municipalities	Disposal	Transfers corrections & revaluations	Closing balance	Opening balance	Acquisitions	Transfers from other Municipalities	Disposal	Transfers corrections & revaluations	Closing balance									
<b>Buildings</b>																				
Land and buildings	76,643,857	0	-28,938,888	0	729,028	48,433,997	-36,819,936	-1,487,086	8,805,224	0	-530,725	-30,032,523	18,401,474	0						
	76,643,857	0	-28,938,888	0	729,028	48,433,997	-36,819,936	-1,487,086	8,805,224	0	-530,725	-30,032,523	18,401,474	0						
<b>Infrastructure</b>																				
Drains	909,990	0	-909,900	0	0	0	-691,524		691,524	0	0	0	0	0						
Roads	10,929,992	0	-10,020,424	0	0	909,568	-3,309,035	-799	2,980,684	0	0	-329,150	580,418	0						
Electricity	152,259	0	0	0	0	152,259	-20,301	-5,069	0	0	0	-25,370	126,889	0						
Water mains & purification	11,207,629	0	-4,861,820	0	0	6,345,809	-2,125,740	-5,116	222,535	0	0	-1,908,321	4,437,488	0						
Pedestrian facilities	166,400	0	0	0	0	166,400	-141,441	-8,728	0	0	0	-150,169	16,231	0						
Sewerage	1,261,133	0	0	0	0	1,261,133	-262,340	-63,116	0	0	0	-325,456	935,677	0						
Security measures	4,868,084	1,275,932	-416,311	0	-618,085	5,109,620	-3,639,941	-596,102	377,752	0	573,560	-3,284,731	1,824,889	1,500,000						
	29,495,397	1,275,932	-16,208,455	0	-618,085	13,944,789	-10,190,322	-678,930	4,272,495	0	573,560	-6,023,197	7,921,592	1,500,000						
<b>Community assets</b>																				
Cemeteries	81,000	0	-81,000	0	0	0	0	0	0	0	0	0	0	0						
	81,000	0	-81,000	0	0	0	0	0	0	0	0	0	0	0						
<b>Heritage assets</b>																				
Paintings & art galleries	17,102	0	0	0	-17,102	0	-8,888	0	0	0	8,888	0	0	0						
	17,102	0	0	0	-17,102	0	-8,888	0	0	0	8,888	0	0	0						
<b>Other assets</b>																				
Computer equipment	5,644,164	690,128	-598,845	3,729	5,739,176	-3,102,944	-1,761,764		0	531,525	5,059	-4,328,124	1,411,052	700,000						
Emergency equipment	4,328,638	316,244	-380,226	-230,696	4,033,960	-1,886,324	-817,177		0	285,188	149,445	-2,268,868	1,765,092	320,000						
Fire engines	15,850,606	0	0	-359,858	14,593,719	-6,429,572	-1,550,316		0	285,894		-7,693,994	6,899,725	0						
Furniture & fittings	4,398,189	202,699	-46,703	14,064	4,568,249	-3,232,872	-416,168		0	45,498	-15,976	-3,619,518	948,731	410,000						
Motor vehicles	2,258,876	0	-1,000	435,556	2,693,432	-994,394	-601,446		0	999	-148,312	-1,743,153	950,279	0						
Office equipment	5,277,667	250,067	-10,000	83,193	5,600,927	-3,583,880	-412,232		0	9,994	-96,190	-4,082,308	1,518,619	244,400						
Other transport	20,340	0	0	0	20,340	-14,237	-1,473		0	0	0	-15,710	4,630	0						
Plant & equipment	6,296,117	77,905	-697,026	-39,829	5,258,927	-3,681,866	-690,624		438,153	296,405	-5,918	-3,643,850	1,615,077	480,000						
	44,074,597	1,537,043	-2,312,043	-93,841	42,508,730	-22,926,089	-6,251,200		438,153	1,455,503	-111,892	-27,395,525	15,113,205	2,154,400						
<b>Lease assets</b>																				
	8,683,063	2,563,352	0	-1,470,103	0	9,776,312	-5,839,147	-1,980,557	0	1,382,196	0	-6,437,508	3,338,804	0						
	8,683,063	2,563,352	0	-1,470,103	0	9,776,312	-5,839,147	-1,980,557	0	1,382,196	0	-6,437,508	3,338,804	0						
<b>Total</b>	158,995,016	5,376,327	-45,925,369	-3,782,146	0	114,663,828	-75,784,382	-10,397,773	13,515,872	2,837,699	-60,169	-69,888,753	44,775,075	3,654,400						

**West Rand District Municipality**  
**Appendix C**

**SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2012**

	Cost/Revaluation					Accumulated Depreciation					Carrying value	Budget	
	Opening balance	Additions	Transfers to other municipalities	Disposals	Transfers & corrections	Closing balance	Opening balance	Additions	Transfers to other municipalities	Disposals			Transfers & corrections
Executive & council	5,523,715	1,137,635		-783,621	-836,440	5,041,289	-3,811,997	-858,723		772,250	749,920	-3,148,550	1,200,000
Finance & admin	57,955,746	2,151,652		-526,765	838,899	60,419,532	-36,523,229	-4,216,540		456,421	-1,020,121	-41,303,469	394,400
Planning & development	62,697,257	106,488	-45,925,370	-21,922	-133,797	16,722,656	-19,028,000	-322,211	13,515,872	19,618	179,355	-5,635,366	0
Health	474,929	519,785		-43,935	2,373,863	3,324,642	-513,579	-581,675		40,123	-1,318,405	-2,373,536	520,000
Public safety	32,097,327	1,425,272		-2,386,315	-2,241,707	28,894,577	-15,739,297	-4,367,046	-	1,531,848	1,337,345	-17,237,150	1,500,000
Road transport	246,042	35,496		-19,587	-818	261,133	-168,280	-51,578		17,438	11,737	-190,683	40,000
Total	158,995,016	5,376,328	-45,925,370	-3,782,145	-	114,663,829	-75,784,382	-10,397,773	13,515,872	2,837,698	-60,169	-69,888,754	3,654,400

# West Rand District Municipality

## APPENDIX D

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED

30 June 2012

2011 Actual income R	2011 Actual expenditure R	2011 Actual surplus R		2012 Actual income R	2012 Actual expenditure R	2012 Actual deficit R
147,101,063	49,857,240	97,243,823	Executive & council	668,152	28,310,702	-27,642,550
2,817,886	33,277,837	(30,459,951)	Finance & admin	144,873,053	45,387,960	99,485,093
12,227,949	34,230,251	(22,002,302)	Planning & development	11,601,060	35,074,032	-23,472,972
34,028,883	37,458,683	(3,429,800)	Health	51,023,820	49,743,372	1,280,448
740,000	18,731,895	(17,991,895)	Public safety	13,829,924	70,705,414	-56,875,490
29,815,075	49,623,170	(19,808,095)	Sport & recreation	500,000	9,493,363	-
0	5,178,597	(5,178,597)	Road transport			-8,993,363
<b>226,730,856</b>	<b>228,357,673</b>	<b>(1,626,817)</b>	<b>Total</b>	<b>222,496,009</b>	<b>238,714,843</b>	<b>-16,218,834</b>

West Rand District Municipality

Appendix E(1)

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

	Actual R	Budget R	Variance R	Variance %	Explanation of significant Variances
<b>REVENUE</b>					
Service charges	3,399,355	3,978,700	579,345	14.56%	Less Fire and Ambulance accounts rendered
Rental : property & equipment	1,565,358	1,519,800	-45,558	-3.00%	Additional income received
Interest earned - external investment	6,557,933	6,000,000	-557,933	-9.30%	Additional cash invested
Interest earned - outstanding debtors	78,389	45,000	-33,389	-74.20%	Handover on debtors
Licenses & permits	155,426	130,000	-25,426	-19.56%	Additional income received
Income for agency services	31,934,250	31,540,000	-394,250	-1.25%	Additional subsidy received
Government grants & Subsidies	175,243,998	234,035,300	58,791,302	25.12%	All grants did not materialize
Other income	3,561,300	2,902,000	-659,300	-22.72%	Additional income transformation 2016 vision
<b>Total revenue</b>	<b>222,496,009</b>	<b>280,150,800</b>	<b>57,654,791</b>		
<b>EXPENDITURE</b>					
Employee related costs	135,100,742	141,300,300	6,199,558	4.39%	6.08% increase and vacancies not filled
Remuneration councillors	7,548,651	8,160,700	612,049	7.50%	Councillors not attending meetings
Bad debts written-off	2,303,280	2,700,000	396,720	14.69%	Non payment on ambulance and fire accounts
Collection costs	4,719	75,100	70,381	93.72%	Review of hand -over process
Depreciation	10,397,773	7,036,900	-3,360,873	-47.76%	Depreciation on lease equipment and vehicles' additional
Repairs & maintenance	2,002,741	5,037,500	3,034,759	60.24%	Leased vehicles with full maintenance plan/ other maintenance not occurred
Interest on external borrowings	939,711	3,695,900	2,756,189	74.57%	Budget amounts included/ subsidy paid over to entity equals' actual cost
Grants & subsidies paid	16,321,671	25,481,300	9,159,629	35.95%	Projects not completed/ subsidy paid over to entity equals' actual cost
General expenses- other	63,196,290	85,774,300	22,578,010	26.32%	Programmes/professional fees did not occur/ lease equipment and vehicles' capitalized
Loss on disposal of property, plant and equipment	899,265	0			
<b>Total expenditure</b>	<b>238,714,943</b>	<b>279,262,000</b>	<b>41,446,422</b>		
<b>Deficit</b>	<b>-16,218,834</b>	<b>888,800</b>	<b>0</b>		

## West Rand District Municipality

### APPENDIX E(2)

#### ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT & EQUIPMENT) FOR THE YEAR ENDED 30 June 2012

	Actual R	Budget R	Variance R	Variance %	Explanation of significant Variances
<b>Infrastructure</b>					
Security measures	1,275,932	1,500,000	224,068	14.9%	Saving on expenditure
<b>Other assets</b>					
Aircons	232,200	300,000	67,800	22.6%	Saving on expenditure
Computer equipment	680,358	607,000	-73,358	-12.1%	Additional expenditure on computers
Emergency equipment	316,244	320,000	3,756	1.2%	Saving on expenditure
Furniture & fittings	202,698	647,400	444,702	68.7%	Order cancelled supplier could not deliver
Office equipment	27,638	30,000	2,362	7.9%	Saving on expenditure
Plant & equipment	77,905	250,000	172,095	68.8%	Saving on expenditure
<b>Lease assets</b>					
	2,563,352	0	-2,563,352		Leased contracts capitalized
<b>Total</b>	<b>5,376,327</b>	<b>3,654,400</b>			

**West Rand District Municipality**  
APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003  
FOR THE YEAR ENDED 30 JUNE 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure				
		March	June	Sept	Dec	March	March	June	Sept	Dec	March
EMS subsidy	Gauteng Health	-	7,885,000	-	15,770,000	7,888,500	-	7,355,283	7,380,198	6,712,485	8,404,152
RSC replacement grant	National Government	-	-	68,009,000	47,598,000	40,805,000	-	39,103,000	39,103,000	39,103,000	39,103,000
HIV/AIDS grant	Gauteng Province	-	-	-	-	4,087,000	-	-	-	-	4,087,000
MIG	National Government	-	-	2,866,000	-	-	-	716,500	716,500	716,500	716,500
		-	7,885,000	70,875,000	63,368,000	52,780,500	-	47,174,783	47,199,698	46,531,985	52,310,652

**AMBULANCE SERVICE**  
**ANALYSIS OF OPERATING INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2012**

Actual 2011 R		Actual 2012 R	Budget 2012 R
	<b>INCOME</b>		
30,632,500	Government grants & subsidies	31,934,250	31,540,000
1,616,932	Levies	1,207,600	1,600,000
8,539	Other income	8,937	1,008,000
<u>32,257,971</u>	<b>Total income</b>	<u>33,150,787</u>	<u>34,148,000</u>
	<b>EXPENDITURE</b>		
22,912,232	Salaries and wages	23,851,495	24,777,600
5,312,678	General expenses	5,569,901	7,659,600
1,541,462	Bad debt provision	1,163,818	1,440,000
108,989	Repairs and maintenance	137,061	263,000
5,911	Depreciation	8,341	7,800
<u>29,881,272</u>	<b>Total expenditure</b>	<u>30,730,616</u>	<u>34,148,000</u>
<u>(2,376,699)</u>	<b>Operating surplus for the year</b>	<u>(2,420,171)</u>	<u>-</u>

**AMBULANCE SERVICE**  
**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

2011 Actual R		2012 Actual R	2012 Budget R
	<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>		
(2,376,699)	Administration	(2,420,171)	-
<u>(2,376,699)</u>	<b>Net surplus for the year</b>	<u>(2,420,171)</u>	<u>-</u>
<u>(2,376,699)</u>	<b>Net surplus/(deficit) for the year before appropriations</b>	<u>(2,420,171)</u>	<u>-</u>
(1,092,853)	Unappropriated surplus at the beginning of the year	(2,376,699)	0
	Transfer to provisions		
<u>(3,469,552)</u>	<b>Unappropriated surplus/(deficit) at the end of the year</b>	<u>(4,796,870)</u>	<u>-</u>



**CONSOLIDATED METROPOLITAN TRANSPORT FUND  
ANALYSIS OF OPERATING INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2012**

2011 Actual R		2012 Actual R	2012 Budget R
	<b>INCOME</b>		
48,640	Government grants & subsidies	-	500000
-	<b>Total income</b>	-	0
			<b>500,000</b>
	<b>EXPENDITURE</b>		
-	Projects	342,060	0
-	<b>Total expenditure</b>	<b>342,060</b>	<b>0</b>
48,640	<b>Operating surplus for the year</b>	<b>(342,060)</b>	<b>500,000</b>

**CONSOLIDATED METROPOLITAN TRANSPORT FUND  
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

2011 Actual R		2012 Actual R	2012 Budget R
	<b>SURPLUS FROM ORDINARY ACTIVITIES</b>		
-	Administration	(342,060)	0
	Extraordinary items		
-	<b>Net surplus before appropriations</b>	<b>(342,060)</b>	<b>0</b>
803,967	Unappropriated surplus at the beginning of the year	852,607	0
<b>852,607</b>	<b>Unappropriated surplus at the end of the year</b>	<b>510,547</b>	<b>0</b>